

**Standard USHC-2:** The student will demonstrate an understanding of the establishment of the United States as a new nation.

**USDHC- 2.6:** Compare differing economic and political views in the conflict between Thomas Jefferson and Alexander Hamilton that led to the emergence of the American two-party political system. (P, H, E)

**Taxonomy Level:** 2B Understand/ Conceptual Knowledge

**Previous/future knowledge**

In 4th grade students compared the roles and accomplishments of early leaders in the development of the new nation (4-4.4). Students also compared social and economic differences of the two political parties that began to form in the 1790s, led by Alexander Hamilton and Thomas Jefferson (4-4.7).

In 12th grade American Government, the two-party system will be discussed as a part of the development of public policy (USG-3.4).

**It is essential for the students to know:**

The political differences between Alexander Hamilton and Thomas Jefferson became evident during George Washington's administration. Jefferson and Hamilton had both supported the ratification of the Constitution and served in Washington's cabinet. Differences first arose over Secretary of the Treasury Hamilton's **economic** plan. Hamilton proposed that the government pay off the debt left from the Revolutionary War by issuing new bonds (funding). Secretary of State Jefferson and Representative James Madison opposed paying off current bondholders because often these were investors who had bought the bonds on speculation from the primary investor at a much reduced price. Hamilton wanted the current bondholders, wealthy investors, to have a stake in the national government. Congress authorized the funding plan. Hamilton also proposed that the national government assume the debts of the states. Northern states supported assumption because they had outstanding debts. Southern states (except SC) objected because they had already paid their debts. A compromise was reached that the capital would be moved farther south (to the District of Columbia) and state debts would be assumed. Hamilton also proposed that the Congress establish a national bank that would act as a repository for the nation's revenues and a source of loans to spur economic growth. Jefferson and Madison objected arguing that the Constitution did not specifically list the establishment of a bank as one of the powers of Congress. Hamilton argued that the bank was "necessary and proper" to the exercise of Congressional powers to establish a national currency and regulate trade and so was allowed by the 'elastic clause' of the Constitution. This established the basis for a continuing **political** disagreement about how the Constitution was to be interpreted. Congress passed and Washington signed authorization for the establishment of the First Bank of the United States.

Disagreement between the two emerging political factions was exacerbated by Hamilton's proposal that Congress establish a protective tariff. A protective tariff by design is a high tax on imports that causes consumers to prefer purchasing the lower priced goods produced in their home country. This would protect America's emerging industries. Jefferson believed that democracy depended on the independence of the farmer and did not want to promote the development of industry. Congress did not pass the protective tariff but the issue continued to divide the emerging political factions. Perhaps the most serious difference between the parties was on an excise tax on whiskey. Hamilton wanted to control the drinking habits of Americans as well as raise revenue for the national government. Jefferson and Madison supported western farmers who turned their grain into whiskey in order to transport it more

easily and cheaply across the Appalachian Mountains. The resulting Whiskey Rebellion of western Pennsylvania farmers was the first challenge to the authority of the new national government but quickly evaporated when troops led by President Washington marched into the state. The Rebellion showed the seriousness of the split between the two groups.

The **two party system** developed as a result of different political positions on these economic issues. The Federalists, supporters of Hamilton and a strong central government, included the wealthy business interests in the North as well as some elite plantation owners. Federalists interpreted the Constitution loosely, using the elastic clause to give the federal government more power. Democratic-Republicans (known as Jeffersonian Republicans, later Democrats) were supporters of Jefferson and Madison who believed in a limited central government and strong state governments because state governments are closest to the will of the people. They were supported by ‘the common man’ including rural Northerners, Southerners and backcountry folk and supported a strict construction of the Constitution without the use of the elastic clause.

Differences over domestic policy were exacerbated by even more emotional differences of opinion over foreign policy. When the French Revolution turned violent, Jefferson and Madison supported the French despite the bloodshed, because their *Declaration of the Rights of Man and the Citizen* was very similar to the *Declaration of Independence* and because of the French alliance during the American Revolution. Hamilton supported the British in their war against the excesses of the French Revolution because of long tradition and trade relations with their former mother country. This basic disagreement was heightened by such events as the Citizen Genet incident, Jay’s Treaty and the XYZ Affair which led to the Alien and Sedition Acts. These acts were designed to silence the outspoken and sometimes slanderous opposition of the Democratic-Republicans to the Adams administration. Jefferson and Madison objected in the Virginia and Kentucky Resolutions, declaring that state legislatures could declare an act of Congress to be unconstitutional. The controversy contributed to Jefferson’s election in 1800. As the war in Europe continued and threatened to embroil the United States, Jefferson issued the Embargo of 1807, designed to stop the problem of impressment and avoid war. New England Federalists opposed the embargo because it severely hurt their trade and later opposed the War of 1812 for the same reason. Democratic-Republican “War Hawks” from the west and the south supported the war because of issues of national pride and land hunger (Canada). The Federalist Party died out as a result of their opposition to the war and the adoption by the Democratic-Republicans of their pet issues such as the national bank and the protective tariff in the aftermath of the War of 1812. The traditional two party system that had evolved, however, had become an important part of the American political system.

**It is not essential for the students to know:**

Students do not need to remember all of the details of each of Hamilton’s proposals explained above however it is important that they understand how the political parties emerged because of how each of the issues affected different interest groups. Students do not need to know the details of the Genet incident, the XYZ affair or the Embargo and the War of 1812 however they help to explain the increasing antagonism of one party for the other that led to Jefferson’s resignation as Secretary of State and eventually Hamilton’s death. Students do not need to know about the differences of opinion that arose between John Adams and Alexander Hamilton despite the fact that they belonged to the same party. They do not need to know that President Washington warned Americans against political factions in his Farewell Address.

For mastery of this indicator, students do not need to know that the basic split between Federalists and Democratic Republicans has continued throughout United States history. Federalists became Whigs and then Republicans who stopped supporting a strong federal government in the 20<sup>th</sup> century because of their support of Big Business and their position on the New Deal and civil rights. Democratic-Republicans

became Democrats under Andrew Jackson and began supporting a strong federal government in the 20<sup>th</sup> century as a result of the Great Depression and the civil rights era.

**Assessment guidelines:**

Appropriate assessments may require students to **compare** the political and economic views of Hamilton and Jefferson and the characteristics and membership of the political parties that they founded. They should be able to **explain** the economic and sectional basis for the political views of each party. Students may be required to **interpret** a short piece of text and identify whether it is the opinion of a member of one or the other political faction. Given various **examples** of ideologies or membership characteristics, students should be able to identify the party. Students should be able to **interpret** charts and political cartoons and **infer** their relationship to the development of political parties.